

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 9/10/2012

GAIN Report Number: RB1210

Serbia

Post: Belgrade

Serbian Government Adopts Measures to Ease Drought Impact

Report Categories:

Agricultural Situation

Approved By:

Christine Sloop

Prepared By:

Tatjana Maslac

Report Highlights:

Serbian Government adopts measures to ease drought impact on farmers and grain traders including exempting farmers from some taxes, increasing financial incentives, and removing customs duties and levies on all grain imports until the next harvest. Grain import taxes were 30 percent.

General Information:

On August 23, the Ministry of Agriculture waived several obligations towards the government as part of a disaster relief package, which included providing a one-year grace period for repaying the principal on state-subsidized farm loans, exempting farmers from paying irrigation fees for 2011 and 2012, and exempting farmers from paying leasing fees for state-owned agricultural land for 2012. The Serbian government also authorized the further distribution of diesel fuel at state-subsidized prices to farmers for the fall planting season.

The Ministry of Agriculture also plans to increase livestock subsidies until the end of the year (i.e. subsidies for beef cattle will be raised from \$53 to \$105 per head, swine from \$5 to \$10 per head, and raw milk premiums will increase from 5 cents to 7 cents per liter). Approximately \$126-160 million will be set aside for this purpose.

The State Commodity Reserves also will buy up to 200,000 metric tons of mercantile corn for strategic reserves and all customs duties and levies on imports of all types of grains will be removed until the next harvest (import taxes on grains were 30 percent). At the same time, grain exports will be monitored on a daily basis in order to take timely steps to prevent a threat to domestic supplies. By liberalizing the grain market, the Serbian Government stopped rumors that it planned to impose a corn export ban in order to keep enough quantities for domestic needs.

This summer Serbia has been hit by an extreme drought with record dry weather and high temperature conditions. The Serbian Chamber of Commerce estimates that total losses in agriculture production will be around USD 2 billion. Estimated losses by major crops are: corn (USD 1 billion), sugar (130 million), soybeans (USD 117 million), fruits and vegetables (USD 100 million), sunflowers (USD 55 million), and other agriculture crops (USD 600 million). Agriculture in Serbia is the economic and development engine for rural areas. Agriculture is also the only sector in the Serbian economy with a positive foreign trade balance - contributing about 10 percent to the country's GDP. The Serbian Chamber of Commerce is estimating that Serbia will have enough food for domestic supply, but much smaller quantities will be available for export. Serbian Commodity Reserves currently are: wheat (300,000MT), refined sugar (100,000MT), and edible oil (60,000MT). Corn ending stocks for MY2011/2012, which include the reduced MY2012/2013 production and are mostly kept on private farms or silos of export companies, are estimated at approximately 1 million MT instead of 1.8 million MT.